

Message Text

CONFIDENTIAL

PAGE 01 BUCAR 00859 031443Z

53

ACTION EUR-12

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C O N F I D E N T I A L BUCHAREST 0859

DEPT PASS EXIMBANK

E.O. 11652: N/A

TAGS: EFIN, RO

SUBJ: SUSPENSION OF EXIMBANK OPERATIONS IN ROMANIA

REFS: A) BUCH 811 B) STATE 044719 C) BUCHA 578

1. FOREIGN TRADE BANK PRESIDENT VASILE VOLOSENIUC (WHO ALSO HEADS ROMANIAN SECTION OF JOINT ECONOMIC COUNCIL) EXPRESSED TO ME THIS MORNING HIS GRAVE CONCERN AT THE NEGATIVE IMPACT ON US-ROMANIAN ECONOMIC RELATIONS A PROLONGED SUSPENSION OF EXIMBANK OPERATIONS WOULD HAVE. HE NOTED THAT ROMANIA IS BEING DENIED ACCESS TO EXIMBANK FINANCING, WHICH IT HAD PREVIOUSLY ENJOYED, JUST WHEN IMPORT COMMITMENTS MUST BE MADE FOR INVESTMENTS TO BE CARRIED OUT DURING 1976-80 PLANNING PERIOD. (A NUMBER OF MAJOR OPPORTUNITIES FOR US BUSINESS TO BENEFIT FROM NEXT PLAN PROJECTS WERE DISCUSSED DURING EXIMBANK CHAIRMAN CASEY'S VISIT IN EARLY JANUARY.) EXIMBANK FINANCING IS A CRUCIAL FACTOR, NEEDED IN MOST CASES TO MAKE US BIDS COMPETITIVE. VOLOSENIUC SAID HE WAS NOW IN AN EMBARRASSING POSITION: HAVING URGED GREATER TRADE WITH THE US, AGAINST SOME INTERNAL OPPOSITION, PARTLY BECAUSE OF THE AVAILABILITY OF EXIMBANK FINANCING, HE WAS NOW BEING FORCED TO CONSIDER RECOMMENDING A SHIFT IN TRADE POLICY TO

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PAGE 02 BUCAR 00859 031443Z

THE ROMANIAN LEADERSHIP.

2. I REPLIED THAT THE PRESENT SITUATION SHOULD BE VIEWED AS A TRANSITIONAL PHASE. WHILE IT WAS TRUE THAT EXIM CANNOT AT PRESENT EXTEND NEW CREDITS, IT CAN CONTINUE TO ACCEPT APPLICATIONS, AND I URGED VOLOSENIUC TO RECOMMEND THAT ROMANIAN ENTERPRISES PROCEED ON A CASE-BY-CASE BASIS. I GAVE AS MY PERSONAL READING OF TITLE IV THE INTERPRETATION THAT EXIMBANK OPERATIONS CAN RESUME AUTOMATICALLY ONCE THE PRESIDENT WAIVES SUBSECTION 402 (Q), I.E., ONCE THE US-ROMANIAN COMMERCIAL AGREEMENT AND SUPPORTING DOCUMENTS ARE FORWARDED TO CONGRESS; BUT I NOTED THAT WE DID NOT HAVE AN AUTHORITATIVE READING ON THIS POINT. VOLOSENIUC ASKED IF ANY PROBLEMS REMAIN TO BE SOLVED ON THE COMMERCIAL AGREEMENT. I REPLIED THERE WERE NO BASIC PROBLEMS OUTSTANDING. VOLOSENIUC SAID HE HAS TELEGRAPHED CHAIRMAN CASEY AND ALSO ASKED AMBASSADOR BOGDAN TO SEEK FURTHER CLARIFICATION ON EXIM'S STATUS, BUT THAT HE CANNOT "TEMPORIZE" INDEFINITELY AND WILL HAVE TO PROPOSE THAT THE GOVERNMENT ACT ON THE BASIS OF THE ACTUAL SITUATION.

3. VOLOSENIUC IS NOT SOMEONE GIVEN TO EXAGGERATION, YET I FOUND HIM IN AN UNUSUALLY WORRIED FRAME OF MIND. HIS WARNING THAT PROLONGED UNCERTAINTY ABOUT EXIM OPERATIONS COULD SERIOUSLY UNDERMINE US-ROMANIAN TRADE IS LIKELY TO PROVE ACCURATE.
BARNES

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